



## PUGET SOUND ENERGY

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February 2, 2006

Carole J. Washburn, Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

**Subject: Docket PG-051355**  
**Public Safety and Small Gas Pipeline Systems**  
**Notice of Inquiry – Discussion Paper**

Dear Ms. Washburn:

Thank you for the opportunity to provide comments on the Notice of Inquiry on small gas pipeline systems. PSE has reviewed the discussion paper and submits the following in response to the twelve questions posed by the WUTC.

PSE understands from the discussion paper that the commission's definition of small gas pipeline systems, for the purpose of this inquiry, are those systems distributing gas to more than one building. This term, used throughout the discussion paper, also includes master meter systems as defined in 49 CFR 192.3.

*1) What public safety risks do small gas pipeline systems pose? What characteristics described in Section V of the paper and listed here are indicators of risk and why? Are there other risk indicators that are not listed but should be considered?*

- a. Number of buildings served*
- b. Underground/exterior pipelines*
- c. Proximity to other buildings, public access*
- d. Resale or customer relationship*
- e. Ownership (public, private)*
- f. Commodity transported*
- g. Pipeline materials*
- h. Number of customers*
- i. Length of exterior pipeline*
- j. Pressure*
- k. System age*

Response:

Small gas pipeline systems have threats that are similar to those of large distribution systems; namely corrosion, mechanical/construction defects, and excavation damage. These threats may affect the integrity of the small gas pipeline system resulting in leakage on the pipeline. However, threats are not the sole indicator of risk. Risk is commonly understood as the probability of occurrence combined with the consequence of the occurrence. With this in mind, the characteristics that would contribute to the probability of leakage in a small gas pipeline system would include the existence of underground piping (b), the pipeline materials (g), the length of piping (i), and the system age (k). The number of buildings served (a), proximity to other buildings and public access (c), and the number of customers (h) would contribute to the consequence factor. One additional 'characteristic' to consider would be maintenance history (i.e. cathodic protection).

*2) Is it possible to define a category or categories of small gas pipeline systems that pose so little risk that minimal or no regulatory oversight is needed? How would these systems be defined?*

Response:

Possibly. The difficulty in trying to categorize small gas systems not otherwise classified as master meter systems (per 49 CFR 192.3) is that the determination of the level of risk really should result from an evaluation of a given system. Nevertheless, one possibility is to define as 'low risk' those systems that *do not* serve public owned facilities or facilities that are not accessible to the general public. An example of such a system might be a multi-building industrial campus, such as a large, fenced manufacturing plant.

It is important to note that the design and construction of all fuel gas piping must comply with the requirements set forth in the International Fuel Gas Code as adopted in WAC chapter 51. The problem is there are little to no maintenance requirements for these lines, and there appears to be no mechanism or agency in place to enforce any ongoing maintenance requirements.

*3) Does the current federal master meter definition, which is also the state of Washington's definition, cover all small gas pipeline systems that should comply with federal and state pipeline safety requirements?*

Response:

Definitely yes for federal regulations. It may be appropriate to have separate state pipeline safety requirements for certain small gas pipeline systems that are not considered a master meter system, but expanding federal regulations to these pipelines would likely be unreasonably burdensome to the owners of small systems.

*4) Are there systems that could fall in a range between little to no risk and those that require full oversight? If so, what strategies should be employed to ensure public safety?*

Response:

Yes, as suggested in the response to question #2, small gas pipeline systems that are not considered master meter systems serving public owned facilities (such as schools) or serving facilities accessible to the public could fall in this range. This would capture small gas pipeline systems that are for all intents and purposes like a master meter system but do not involve

commerce and therefore are not considered a master meter system. This would include all public primary and secondary schools and colleges/universities. This would also include private schools, businesses, or locations such as fairgrounds or shopping centers with general public access. This would exclude private property where a homeowner is serving several outbuildings or an industrial facility with controlled access.

Some suggested strategies for ensuring public safety include requirements for periodic leakage surveys, application of cathodic protection if it was not installed originally, and cathodic protection monitoring.

*5) What alternatives to the current master meter safety requirements could the state employ to minimize the risk associated with small gas pipeline systems?*

Response:

Suggested alternatives include the following:

- state pipeline safety maintenance regulations specific for these types of small gas pipeline systems;
- revised state building codes that include maintenance requirements for small gas pipeline systems (not otherwise subject to state pipeline safety regulations) and oversight by municipal jurisdictions; or
- property insurance requirements that require periodic assessments of such facilities.

*6) What approaches should be taken to identify and communicate with operators of small gas pipeline systems?*

Response:

The approach to identification of operators of small gas pipeline systems will depend on how these systems are defined. For instance, public and private schools with buried fuel line piping would be relatively straightforward to identify. Other government-owned facilities with campus type arrangements might also be easily identified. However, business related facilities with general public access would be more challenging to capture because of the sheer volume. (See response to question #8.)

Regarding communication approaches, local distribution companies are required per 49 CFR 192.16 to notify all customers that might have buried fuel line piping (i.e. potential small gas pipeline system operators) about the importance of maintaining this piping. Enhanced communication could be achieved through cooperation between the state pipeline safety office, building officials, permitting agencies and possibly the state insurance commissioner.

*7) How can local natural gas distribution companies help to identify existing small gas pipeline systems?*

Response:

Identification of any small system, including master meter systems, can be a difficult task. For non-master meter systems, depending on how these pipelines are defined, LDC customer lists may be a starting point for identification.

*8) How can other entities, such as local governments, help in identifying new and existing small gas pipeline systems?*

Response:

Local governments provide the permits necessary for the installation of buried fuel line piping. The permitting agency is in a prime position to identify new small gas pipeline systems. For existing small gas systems, permitting records may be one method of identifying the facilities. General knowledge by the permitting agency of the their area can also be useful.

*9) Please comment on the risks associated with pipeline systems distributing propane gas. Should underground pipeline systems that distribute propane be regulated by the state pipeline safety program (which may require that they also be economically regulated) or should changes be made to allow only for some form of safety regulation? Are there additional issues that should be considered with propane distribution systems?*

Response:

The risks associated with pipeline systems distributing propane are similar to those for natural gas. The same cathodic protection and leakage survey strategies may be prudent. Underground pipeline systems distributing propane also have various levels of risk, where the lowest risk is the single tank on private property serving one customer, with more complex distribution systems increasing the risk level.

Rather than impose state pipeline safety and economic regulations\* on propane lines not currently under state pipeline safety jurisdiction, a less complicated approach should be considered first. One example is some form of safety regulation embodied in the building codes. Other possible strategies include marking of tanks with safety warnings and/or customer notification/education requirements of propane tank suppliers.

\*Note: It is unclear why economic regulations would be required in order to exert jurisdiction over underground propane systems when certain propane systems (as identified in 49 CFR 192.1) are already subject to pipeline safety regulations and are not economically regulated.

*10) Should small gas pipeline systems be encouraged or required to have their systems or operations taken over by local natural gas distribution companies or other professional pipeline operators? What issues would need to be addressed before implementing such a policy?*

Response:

No. Local natural gas distribution companies would be reluctant to take over such pipelines. This would require compliance with the requirements set forth in 49CFR192.14 *Conversion of service subject to this part.*

*11) Should new small gas pipeline systems be banned? What issues would need to be addressed before implementing such a ban?*

Response:

In theory you could ban master meter operators, but to ban all underground fuel lines that serve more than one building is impractical and could create an enormous uproar in the building community. As stated previously, the design, construction, and cathodic protection of these lines are already covered by codes; it is just maintenance requirements that are lacking.

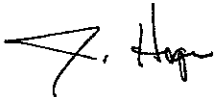
*12) What studies, data or resources can you offer to further the goals of this Notice of Inquiry?*

Response:

The discussion paper already cites the OPS Master Meter Report -- PSE is unaware of any additional studies on this subject. For resources, PSE recommends the International Fuel Gas Code, NFPA 59, and the North American Industry Classification System (NAICS). We also recommend investigating what enforcement and regulatory models may exist in other states.

Thank you for the opportunity to provide comments. Please contact me at 425-462-3957 if you have any questions.

Sincerely,



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Manager, Standards and Compliance

Cc: Kimberly Harris  
Karl Karzmar  
Sue McLain  
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